

## MEMORANDUM

July 9, 2009

TO: Mayor Bellamy and City Council Members

FROM: Gary W. Jackson, City Manager

SUBJECT: 2009-10 Annual Budget

I am pleased to present you with a copy of the 2009-10 Adopted Annual Budget. This document, which was prepared by the City's Budget & Research Division, reflects the City's overall budget plan and policies as approved by City Council for the upcoming fiscal year.

The Fiscal Year 2009-10 Annual Operating Budget was formally presented to City Council on May 12, 2009. In accordance with the North Carolina Local Government Budget and Fiscal Control Act, a summary of the budget along with a notice of the public hearing was published on May 29 and June 5, 2009. City Council conducted a public hearing on the proposed budget on June 9, 2009. The Fiscal Year 2009-10 budget is balanced with a tax rate of \$0.42 per \$100 of assessed valuation, which represents no change from the previous fiscal year. All essential City programs and services are maintained.

The net proposed operating budget presented to City Council on May 12th was set at \$135,700,029, including a General Fund appropriation of \$92,156,972. The following changes were made to the Proposed Budget prior to adoption by City Council:

- **Recycling Contract:** The final cost for the FY 2009-10 recycling contract exceeded the Proposed Budget estimates by \$132,957. City Council approved increasing the monthly household recycling fee from \$2.65 to \$2.95 to cover the increased cost of the recycling program.
- **Public Works Sidewalk Crew:** During the budget process, Public Works staff agreed to hold vacant the positions on one concrete crew in FY 2009-10 and only fill those positions if funding for sidewalk projects was obtained from the American Recovery and Reinvestment Act (ARRA). However, given the uncertainty associated with the level of ARRA funding that may eventually be received, funding for the concrete crew was restored in the adopted budget by appropriating \$140,000 from fund balance. If ARRA funding is eventually received for sidewalk projects, then a portion of that funding can be used to restore fund balance. Either way, it should be noted that the disadvantage of this funding strategy is that we are using a one-time funding source (i.e. fund balance or ARRA funds) to fund the ongoing costs of staffing the concrete crew.
- **COPs 97c (Grove Arcade) Debt:** Historically, the COPs 97c debt was reported as conduit debt, and as such, these payments were not included in the City's annual operating budget. However, research completed after the Proposed Budget was submitted to City Council determined that this debt was not conduit debt but rather a direct obligation of the City. For FY 2009-10, the debt service payment on the COPs 97c will total \$151,600. An appropriation from fund balance was used to cover this additional debt service amount.
- **Buncombe County Landfill Tip Fees:** The City of Asheville received notification from Buncombe County after the Proposed Budget was presented to City Council that tip fees at the transfer station would be increasing on September 1, 2009. This increase added \$106,764 in expenses to the FY 2009-10 budget. An appropriation from fund balance was also used to cover this expense.

The net result of these changes increases the operating budget by \$531,321 to \$136,231,350, and the General Fund appropriation to \$92,688,293. The FY 2009-10 budget numbers and all narrative in this document reflect the budget as adopted by City Council on June 23, 2009. By policy, however, the City Manager's Budget Message is included as it was presented with the Proposed Budget on May 12, 2009.